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SUBJ: EDRC ANNUAL REVIEW OF GERMANY

DELIVER TO THOMAS SUMMERS PRIOR TO 0900 APRIL 18

1. OECD DRAFT SURVEY SHOULD IN GENERAL PROVIDE GOOD BASIS FOR DISCUSSION OF GERMAN ECONOMY. CHAPTER III COVERING PAST RECORD OF DEMAND MANAGEMENT POLICIES IS PARTICULARLY HELPFUL.

2. THE SECRETARIAT'S SUGGESTIONS CONCERNING INCOMES POLICY STRIKE US AS UNOBJECTIONABLE. RECOMMENDATIONS IN PARA 50 AND 52 ARE MILD AND LIMITED IN SCOPE. THEY SEEM TO BE
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DESIGNED TO STRENGTHEN RATHER THAN RESTRICT THE MARKET PROCESS. OF COURSE, SINCE IT APPEARS EVIDENT THAT GER-MANY IS RAPIDLY APPROACHING IF NOT EXPERIENCING EXCESS DEMAND, IT WOULD BE A MISTAKE TO GO BEYOND THESE COMMENTS.

3. THE DISCUSSION OF MONETARY POLICY IN CHAPTER III COULD BE STRENGTHENED. PARAS 33-34 PROVIDE CONFUSING AND PERHAPS MISLEADING DISCUSSION OF MONETARY POLICY. THE REVIEW STATES, BUT DOES NOT SHOW, THAT MONETARY AGGREGATES DO NOT EXPLAIN CHANGES IN DEMAND, AND THEN MAKES THE PROBABLY ERRONEOUS CO MUST NOT BE BROKEN UNDER ANY PRETEXT."

2. PRIMIN NOTED THAT INDOCHINA WAR, WHICH HAS LASTED FOR MORE THAN A QUARTER CENTURY, COULD NOT STOP AT AT SINGLE STROKE AS IF BY MAGIC. EMOTIONS, HE SAID, ARE STILL HOT AND THE WOUNDS ARE STILL OPEN;" THE DEATH OF A MONSTER DOES NOT RESEMBLE THAT OF AN INSECT." IT IS NECESSARY, HE COUNSELLED, TO TAKE ACCOUNT OF THESE FACTS AND TO CONTINUE UNTIRINGLY TO EXPLORE ALL POSSIBILITIES OF RECONCILIATION WITH THE LPF.

3. ADDRESSING REMARKS TO RIGHTISTS, NOSTAGLIC FOR PAST, PRIMIN SUGGESTED THAT NO ONE CAN THINK OF RESUMING PATH OF WAR IN LAOS. THE GREAT POWERS WOULD NOT AID LAOS; AS FOR OTHER COUNTRIES, HE SAID, IT IS EVIDENT THAT THEY HAVE SUCH ABSORBING NATIONAL PROBLEMS AND SUFFICIENTLY REALISTIC VIEW OF THINGS NOT TO BEGIN A SECOND INDOCHINA VENOHHJIBORJ# SOIL.

4. PRIMIN ALSO DELIVERED AN APPEAL TO LPF PATRIOTISM. HE INVITED LPF TO CEASE ITS STERILE OBSTRUCTIONISM AND FREE ITSELF FROM ITS FOREIGN BONDS. HE REMINDED LPF THAT THE RECENT HISTORY OF ALLIANCES CLEARLY SHOWS THAT A COMMON IDEOLOGY DOES NOT STOP STRONG NATIONS FROM ABUSING THEIR STRENGTH IN RELATIONS WITH " FRATERNAL PEOPLE". THE LPF OUGHT TO REMEMBER THAT IT IS, ABOVE ALL, A LAO PARTY AND THAT, IF IT FORMS PART OF A GOVERNMENT, IT WILL BE ENTRUSTED WITH NATIONAL INTERESTS AND WILL BE RESPONSIBLE TO THE LAO PEOPLE. PRIMIN WARNED THAT LAOS MUST NOT FALL UNDER CONTROL OF COMMUNIST MOVEMENT IN INDOCHINA SINCE SUCH A COURSE WOULD TRULY ENDANGER NATIONAL INDEPENDENCE.

5. PRIMIN URGED HIS COUNTRY MEN TO TURN ATTENTIONS TOWARD NEXT ELECTIONS. HE EMPHASIZED THAT ELECTIONS ARE VITAL BECAUSE THEY INVOLVE A FUNDAMENTAL CHOICE BETWEEN TOTALITARIAN AND LIBERAL POLITICAL SYSTEMS.
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HE CAUTIONED AGAINST YIELDING TO THE SEDUCTIONS OF AN ILLUSORY EDEN OF COLLECTIVISM, IN WHICH THE LAO PEOPLE WOULD LOSE THEIR LIBERTY. WHAT THE GOVERNMENT OFFERS, PRIMIN ADDED, IS WHAT THE PEOPLE HAVE ALREADY- THE RIGHT TO HUMAN DIGNITY, WHICH CAN ONLY BE REALIZED IN A FREE SYSTEM. HE EXPRESSED THE HOPE THAT, IN MAKING THEIR CHOICE, THE PEOPLE WOULD REMEMBER THAT THEIR ANCESTORS HAD FOUGHT ALL THEIR LIVES TO LIVE FREELY UNDER THE PROTECTION OF THEIR MONARCHS IN A TOLERANT, RELIGIOUS AND LIBERAL SOCIETY WHERE ONE DOES NOT EXPECT A SINGLE EXPLANATION OF THE WORLD.

6. COMMENT: PRIMIN' S NEW YEAR MESSAGE WAS OF COURSE DELIVERED BEFORE HIS APRIL 15 REQUEST FOR USAF AIR SUPPORT IN THA VIANG AREA. STRONG THEME OF HOPE FOR PEACE AND DESIRE TO MAINTAIN CEASEFIRE IN NEW YEAR' S MESSAGE IS NOT INCONSISTENT WITH THE REQUEST FOR AIR SUPPORT WHICH WAS MOTIVATED BY PRIMIN' S DESIRE TO COMPEL NORTH VIETNAMESE TO RESPECT CEASEFIRE. GODLEY

NOTE BY OCT: VIENTIANE 2955 # AS RECEIVED. WILL BE SERVICED ON REQUEST.

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